

# **FISCAL NOTE**

## **SB 550 - HB 1885**

March 24, 2005

**SUMMARY OF BILL:** Authorizes guaranty fund coverage on excess insurance policies covering a self-insured workers' compensation pool under policies of insurance entered into prior to March 31, 1999.

### **ESTIMATED FISCAL IMPACT:**

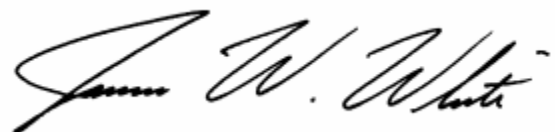
#### **Decrease State Revenues – Exceeds \$2,500,000 Over Time**

Assumption:

- An increase in the amount paid from the guaranty fund under the provisions of this bill. A greater amount paid from the guaranty fund will result in an increase in the amount that insurance companies are assessed to pay to the guaranty fund. Any monies paid to the guaranty fund by an insurance company are taken as a credit against the premium tax that insurance companies must pay. Companies may write-off up to twenty-five percent per year until the full credit against the premium tax had been taken. Any payments from the guaranty fund made under the provisions of this bill will be paid from the workers' compensation account. Currently, the workers' compensation account in the guaranty fund is making the maximum assessment. This maximum assessment generates approximately \$16,600,000 per year. The workers' compensation account of the guaranty fund currently has approximately \$83,000,000 in outstanding claims. Therefore, there would not be a reduction in state revenues in the first year. There would, at some point in the future, be such a reduction in state revenues.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director